

**SECOND SCHEDULE
FORM OF ACCOUNTANT'S REPORT
THE COUNCIL FOR LICENSED CONVEYANCERS' ACCOUNTS, DEPOSIT
INTEREST AND ACCOUNTANT'S REPORT RULES 2002 ("The Rules")**

Every Licensed Conveyancer and Recognised Body who holds or receives client money must produce annually a report by an Accountant qualified under rule 9 of the Rules to the effect that the Licensed Conveyancer/Directors of a Recognised Body have complied with Parts I & II and rule 7.1 of the Rules.

- The report must be delivered once during each practice year (i.e. between 1st November and the following 31st October)
- When a Licensed Conveyancer retires from practice (or for any reason stops holding or receiving client money), he or she is obliged to deliver an Accountant's Report. The accounting period covered by this report must be in accordance with rule 8.2 of the Rules.
- An Accountant's Report is required from a Licensed Conveyancer who has been held out as a partner in a practice which has held or received client money. Therefore, any Licensed Conveyancer whose name is included in the list of partners on the firm's letterhead, even if the name appears under a separate heading of 'salaried partner', 'associate partner' or 'limited partner', should be included in this report.
- Please complete in block capitals.

NOTES:-	This form may be used for a report in respect of:-	Tick one box as appropriate
	1. a Licensed Conveyancer (Sole Practitioner) (Complete Sections A and C only)	<input type="checkbox"/>
	2. a partnership of Licensed Conveyancers (Complete Sections A and C only)	<input type="checkbox"/>
	3. a Recognised Body (Complete Sections B and C only)	<input type="checkbox"/>

Licensed Conveyancing Firm (the subject of this Report)	(hereinafter called "the Firm")
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If this Report relates to a Recognised Body, the full registered name must be given.

SECTION A

[To be completed only if this Report is submitted on behalf of a Sole Practitioner or Partnership]

1. Full name(s) of Licensed Conveyancer(s) (Include all Partners and Qualified Person(s)):

Title	Forenames	Surname	Licence No.

2. Firm's name(s) and address(es) covered by this report. *The names under which the Licensed Conveyancer practise(s). All address(es) at which the Licensed Conveyancer(s) practise(s) must be covered by an Accountant's Report or Reports. [If an address is not covered the reason must be stated]. Please list on a separate sheet all other offices not covered by this report, with reasons.*

1. Address (Main office)

Name of Firm if different from name on Page 1

2. Other office

Name of Firm if different from name on Page 1

3. Other office

Name of Firm if different from name on Page 1

4. Other office

Name of Firm if different from name on Page 1

(continue on separate sheet as necessary)

3. Accounting Period complying with Part IV of the Rules (this is usually 12 months and must comply with the provisions of rule 8.2 of the Rules unless a variation has been previously authorised in writing by the Council):

Beginning

Ending

Section B

[To be completed only if this Report is submitted on behalf of a Recognised Body]

1. Company Number as registered at Companies House

2. NOTE – All addresses at which the Recognised body practise(s) must be covered by an Accountant's Report. [If an address is not covered the reason must be stated].

Please list on a separate sheet all other offices not covered by this report, with reasons.

1. Address (Registered Office)

2. Principal Office if different from Registered Office
Trading Name if different from name of Page 1

3. Other office
Trading Name if different from name on Page 1

4. Other office
Trading Name if different from name on Page 1

3. Names of all Directors of Recognised Body

Surname	Forenames	Office Held	Licensed Conveyancer (Yes or No)

(continue on separate sheet as necessary)

4. Accounting Period complying with Part IV of the Rules (this is usually 12 months and must comply with the provisions of rule 8.2 of the Rules unless a variation has been previously authorised in writing by the Council):

Beginning

Ending

If the Firm ceased to hold client money indicate that date below. The Report will cover the period up to that date of cessation.

Date Ceased to hold client money

Section C

1. In compliance with Section 22 of the Administration of Justice Act 1985, and the Rules, I have examined to the extent required by Rule 10 of the Rules, the books, accounts and relevant documents produced to me in respect of the Firm. In so far as an opinion can be based on this limited examination, I am satisfied that during the above mentioned period(s) the Firm has complied with the provisions of Parts I & II and rule 7.1 of the Rules except so far as concerns:-

Tick Applicable boxes

- | | |
|---|--------------------------|
| (a) certain trivial breaches due to clerical errors or mistakes in book-keeping, all of which were rectified on discovery and none of which, I am satisfied, resulted in any loss to any client. | <input type="checkbox"/> |
| (b) the matter(s) set out at 4 below in respect of which I have not been able to satisfy myself for the reasons therein stated. | <input type="checkbox"/> |
| (c) the matter(s) set out at 5 below in respect of which it appears to me that the Licensed Conveyancer(s)/Recognised Body have not complied with the provisions of Parts I & II and rule 7.1 of the Rules. | <input type="checkbox"/> |
| (d) none of the above | <input type="checkbox"/> |

I have/have not relied on the exception contained in rule 10.5 of the Rules (delete as appropriate).

2. Comparison Dates

The results of the comparisons required under Rule 10.4(6) of the Rules, at the dates selected by me were:

(a) at (insert date 1)

- | | | |
|-------|--|--|
| (i) | Liabilities to clients as shown by client ledger accounts | £ <input style="width: 150px; height: 25px;" type="text"/> |
| (ii) | Cash held in client account(s), and client money held elsewhere other than in a client account, after allowances for lodgements cleared after the date and for outstanding cheques | £ <input style="width: 150px; height: 50px;" type="text"/> |
| (iii) | Difference between (i) and (ii) (if any – details required at 6 below) | £ <input style="width: 150px; height: 25px;" type="text"/> |

(b) at (insert date 2)

- | | | |
|-------|--|--|
| (i) | Liabilities to clients as shown by client ledger accounts | £ <input style="width: 150px; height: 25px;" type="text"/> |
| (ii) | Cash held in client account(s), and client money held elsewhere other than in a client account, after allowances for lodgements cleared after the date and for outstanding cheques | £ <input style="width: 150px; height: 50px;" type="text"/> |
| (iii) | Difference between (i) and (ii) (if any – details required at 6 below) | £ <input style="width: 150px; height: 25px;" type="text"/> |

Note: The figure shown in 3(a)(i) and 3(b)(i) above is the total of credit balances, without adjustment for any debit balances (unless capable of proper set-off being in respect of the same client), or for receipts and payments not capable of allocation to individual ledger accounts.

3. Qualified Report

Have you found it necessary to qualify this report other than for trivial breaches?

No

If 'No' proceed to Accountant's Certificate

Yes

If 'Yes' please complete 4 and/or 5 below.

4. Matter(s) in respect of which the Accountant has been unable to satisfy himself and the reasons for that inability.

(continue on separate sheet if necessary)

5. Matter(s) (other than trivial breaches) in respect of which it appears to the Accountant that the Licensed Conveyancer(s)/Recognised Body has/have not complied with the provisions of the Rules.

(continue on separate sheet if necessary)

6. Details of the cause(s) of any differences shown at 2(a)(iii) and/or 2(b)(iii) above.

(continue on separate sheet if necessary)

Accountant's Certificate

- 1 I confirm that I hold a copy of The Rules.

- 2 I acknowledge that under Part IV of the Rules I am required to report to the Council as to whether the above named Licensed Conveyancer(s)/Recognised Body has/have complied with Parts I and II and rule 7.1 of the Rules and to report to the Council any non compliance with those Rules.

- 3 I confirm that I am the Reporting Accountant and in compliance with the Rules, I have examined to the extent required by rule 10 of those Rules, the books, accounts and relevant documents produced to me in respect of the above named Licensed Conveyancer(s)/Recognised Body.

- 4 I confirm that a copy of this Report has been sent to each of the Licensed Conveyancers to whom this Report relates. Tick one of these boxes

 I confirm that one copy of this Report has been sent to the following partner of the firm, on behalf of all the partners of the firm.
 I confirm that a copy of this Report has been sent to each of the Directors to which this Report relates.
 I confirm that one copy of this Report has been sent to the following Director of the Recognised Body, on behalf of all the Directors of the firm.

- 5 I acknowledge that information contained in the Accountant's Report on pages 1 to 7 will be relied upon by the Council and that I owe a duty of care to them in the preparation of this Report.

- 6 I confirm that a Letter of Engagement has been entered into between my firm and the Licensed Conveyancer(s)/Recognised Body incorporating without amendment, limitation or qualification of the terms of the First Schedule to the Rules.

- 7 I confirm that this is a true and complete copy of the Accountant's Report Form appended to the Rules or as downloaded from the CLC website and has not been amended in any manner whatsoever. (Please delete if not applicable.)

Reporting Accountant's Full Name

Accountant's Qualifications & Professional Body & Membership No.:

Do you have a current Practisina Certificate?

 Yes

 No

Note: The reporting Accountant must be qualified in accordance with rule 9 of the Accountant's Report Rules 2002.

Name & Address of Reporting Accountant's Firm	
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Signed:
 (A personal signature is required)

Dated:

Total number of Pages of Report submitted to CLC (including continuation sheets) = _____ pages

**THE COUNCIL FOR LICENSED CONVEYANCERS'
ACCOUNTS, DEPOSIT INTEREST and
ACCOUNTANT'S REPORT RULES 2002
REPORTING ACCOUNTANT'S CHECKLIST**

The following items have been tested to satisfy the examination requirements under Rule 10.4 with the results as indicated. Where the position has been found to be unsatisfactory as a result of these tests, further details have been reported in Section 2 of this checklist or reported by separate appendix.

Name of Licensed Conveyancer or firm

Results of test checks:

1. For all client money	Satisfactory (Tick the appropriate column)		If 'no' should breaches be noted in the accountant's report		Cross references to audit file documentation
	Yes	No	Yes	No	
(a) Book-keeping system for every office:	Yes	No	Yes	No	
(i) The accounting records satisfactorily distinguish client monies from all other monies dealt with by the Licensed Conveyancer.					
(ii) A separate ledger account is maintained for each individual client (excepting section (m)) and the particulars of all client money received, held or paid on account of each client, including funds held on separate designated deposits, or elsewhere, are recorded.					
(iii) The client ledgers show a current balance in respect of each client at all times.					
(iv) A record of all bills of costs has been maintained which distinguishes profit costs from disbursements either in the form of a bill book or a file of copies of such bills.					
(b) Postings to ledger accounts and casts:	Yes	No	Yes	No	
(i) Postings to client ledger accounts from records of receipts and payments are correct.					
(ii) Casts of client ledger accounts and receipts and payments records are correct.					
(iii) Postings have been recorded in chronological sequence with the date being that of the initiation of the transaction.					
(c) Receipts and payments of client money:	Yes	No	Yes	No	
(i) Sample receipts and payments of client money as shown in bank and building society statements have been compared with the records of receipts and payments of client money and are correct.					
(ii) Sample paid cheques have been obtained and details agreed to receipts and payment records.					
(d) System of recording costs and making transfers:	Yes	No	Yes	No	
(i) The Licensed Conveyancer's system of recording costs has been ascertained and is suitable.					
(ii) Costs have been drawn only where required for or towards payment of the firm's costs where there has been delivered to the client a bill of costs or other written intimation of the amount of the costs.					
(e) Examination of documents for verification of transactions and entries in accounting records:	Yes	No	Yes	No	
(i) A test examination of a number of client files has been made.					
(ii) All client files requested for examination were made available.					
<i>N.B. If (ii) above is unsatisfactory details should be provided in the Accountant's Report?</i>					

Results of test checks:

1. For all client money (continued)	Satisfactory (Tick the appropriate column)		If 'no' should breaches be noted in the accountant's report		Cross references to audit file documentation
	Yes	No	Yes	No	
(e) Examination of documents for verification of transactions and entries in accounting records (cont'd):					
(iii) Transactions as detailed on client files and other documentation (including transfers from one ledger account to another) were valid and appropriately authorised in accordance with Parts I, II & III of the Rules.					
(iv) The financial transactions evidenced by documents per the client files were correctly recorded in the books of account in a manner complying with Parts I, II & III of the Rules.					
(f) Extraction of client ledger balances:	Yes	No	Yes	No	
(i) The extraction of client ledger balances has been checked on no fewer than two separate dates in the period subject to this report.					
(ii) The total liabilities to clients as shown by such ledger accounts has been compared to the cash account balance at each of the separate dates selected in (f)(i) above and agreed.					
(iii) The cash account balance at each of the dates selected has been reconciled to the balances in client account and elsewhere as confirmed directly by the relevant banks and building societies.					
(g) Reconciliations:	Yes	No	Yes	No	
(i) During the accounting year under review, reconciliations have been carried out at least once in each calendar month.					
(ii) Each reconciliation is in the form of a statement set out in a logical format which is likely to reveal any discrepancies.					
(iii) Reconciliation statements have been retained.					
(iv) On entries in an appropriate sample of reconciliation statements:					
(a) All accounts containing client money have been included.					
(b) All client ledger account balances as at the reconciliation date have been listed and totalled.					
(c) No debit balances on client ledger accounts have been included in the total.					
(d) The client cash account balance is correctly calculated by the accurate and up-to-date recording of transactions.					
(e) The client bank account totals are complete and correct, being calculated by: the closing balance plus an accurate and complete list of outstanding lodgements less an accurate and complete list of unrepresented cheques.					
(v) Each reconciliation selected under paragraph (iv) above has been achieved by the comparison and agreement without adjusting or balancing entries of the:					
Client ledger balances total;					
Client cash account balances total;					
Client bank accounts total.					
(vi) In the event of debit balances existing on client ledger accounts, the firm has investigated promptly and corrected the position satisfactorily.					
(vii) In the event of the reconciliations selected under paragraph (iv) above not being in agreement, the differences have been investigated and corrected promptly.					

Results of test checks:

1. For all client money (continued)	Satisfactory (Tick the appropriate column)		If 'no' should breaches be noted in the accountant's report		Cross references to audit file documentation
	Yes	No	Yes	No	
(h) Payments of client money:					
(i) Make a test examination of the clients' ledger accounts in order to ascertain whether payments have been made on any individual account in excess of money held on behalf of that client.					
(i) Office accounts - client money:					
(i) Check such client office ledgers and cash account and bank and building society statements as the Licensed Conveyancer maintains with a view to ascertaining whether any client money has not been paid into a client account.					
(ii) Investigate client office ledger credit balances and ensure that such balances do not include client money incorrectly held in office account.					
(j) Client money not held in client account:					
(i) Have sums not held on client account been identified?					
(ii) Has the reason for holding such sums outside client account been established?					
(iii) Has an appropriate written client agreement been made in each instance?					
(k) Rule 4.3 - Authorised Signature(s) on Client Bank Account(s):					
(i) Are persons authorised to sign cheques drawn on client bank account(s) suitably qualified in accordance with Rule 4.3?					
(ii) Where instructions are given to a bank or building society to withdraw money from client bank account by telegraphic transfer or by other electronic means, are suitable safeguards in place to ensure protection of client funds?					
(l) Rule 5.2 - Inter-Client Transfers:					
(i) Make test checks of inter-client transfers to ensure that Rule 5.2 has been complied with.					
(m) Rule 5.6 - Client ledger borrower and lender:					
(i) Make a test examination of the client ledger accounts in order to ascertain whether Rule 5.6 of the Accounts Rules has been complied with, where the firm acts for both borrower and lender in a conveyancing transaction.					
(n) Deposit Interest Rules:					
(i) Make a test examination of the client ledger accounts in order to ascertain whether Rules 7.1 and 7.2 have been complied with.					
(o) Information and explanations:					
(i) All records and explanations required have been received and satisfactorily cleared.					

Please give further details of unsatisfactory items in Section 2 over the page.

Results of test checks:

2. Further details of unsatisfactory items (*Please attach additional schedules as required*)

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Signature:

Date:

Reporting Accountant:

Council for Licensed Conveyancers'
Accounts, Deposit Interest and Accountant's Report Rules 2002 Destination Table

This table is produced for guidance only. In the event that there is any discrepancy between the Rules and this table the Rules take precedence.

Description	Old Rules	New Rules
	Account Rules 1994	Account Rules 2002
		Part I
<i>Commencement</i>	1	1.1
Definition NB "without delay" & "working day"	2	1.2
		Part II
<i>Payments into client account</i>	3 - 6	2.1 - 2.4
Withdrawals from client account		
Monies a licensed conveyancer shall not pay into client account	9	3.1
Monies a licensed conveyancer is not required to pay into client account		3.2 (new)
Monies withheld from client account still client monies		3.3 (new)
Monies to be withdrawn from client account		4.1 (new)
Monies which may be withdrawn from client account	7 & 8(ii)	4.2
Authority required for withdrawal to be made from client account	11(6)	4.3
Limitation on the requirement for such authority	11(7) & 11 (8)	4.4
Withdrawal from client account to licensed conveyancer by cheque or transfer to office account	8(1)	4.5
Limited circumstances for transfer of monies between clients	10(1)	4.6
Authority required for payment out on private loan from both clients	10(2)	4.7
Accounts Records		
Requirement to keep records properly written up	11(1)	5.1
Records required of dealings	11(2)	5.2
Record required for designated accounts		5.3 (new)
Current balance of client ledgers easily ascertainable		5.4 (new)
Dealings on office account to be properly recorded	11(2)(a)(ii)	5.5 (new)
On mortgage separate client ledgers not always required	11(3)	5.6
Central record of bills of costs	11(4)	5.7
Reconciliation Statements		
Reconciliation and comparison with liabilities to clients to be carried out once a month - any shortfall to be made good	11(5)	5.8 & 5.9
Accounting Records to be kept for 6 years	11(9)	5.10
Documentation to be kept for 2 years		5.11 (new)
Documentation never permitted to be stored only		5.12 (new)

on computer		
Inspection of Accounts & Records (old)		
Monitoring by the Council (new)		
Requirement to produce records to Council	12(1) & 12(2)	6.1
Entitlement of Council to charge for re-inspection	13(1)	6.6
Permitted uses of report made by Council	13(2)	6.7
Requirement for production in writing	14	6.2
Computerised records acceptable		6.3 (new)
Council entitled to seek verification		6.4 (new)
Permission required to remove original documents – copies to be provided		6.5 (new)
Licensed conveyancer to retain any right to money in client account	15	11.2
Rules not apply to employed licensed conveyancer	16	11.3
Deposit Interest		
Accounts Deposit Interest Rules 1989		
Commencement	1	1.1
Interpretation	2	1.2
Part III		
Requirement to account for interest	4	7.1-7.8
Entitlement of client to apply for direction of interest payable	5	7.9
Deposit interest rules may be overridden by agreement between licensed conveyancer and client	6	7.10
Requirement for informed consent when client waives entitlement to interest		7.11 (new)
Accountants Report Rules 1994		
Commencement	1	1.2
Interpretation	2	1.2
Applicability to Recognised Body	3	See 1.2 definition of licensed conveyancer
Part IV		
Accountant's Report		
Requirement for licensed conveyancer to deliver Accountant's Report	4(1) & (2)	8.1 & transitional
Calculation of accounting period	4(3) 9(1) & 10(1)	8.2
Calculation of accounting period on cessation	9(2) & 10(2)	8.2(3)
Effect of change of accounting period		8.2(5) (new)
No requirement for same accounting period for licensed conveyancer with 2+ places of business	11(2)	8.3
Licensed conveyancer to notify Council immediately on change of accountant		8.4 (new)
Qualifications required for accountant	5(1)	9.1 & 9.2
Disqualification of accountant	5(2)	9.3
Service of notice of disqualification		9.4 (new)
Council entitlement to publicise disqualification		9.5 (new)
Letter of engagement for accountant		10.1 (new)
Place of examination of licensed conveyancer's records		10.2 (new)
Documentation to be inspected	6(1)	10.3
Procedures to be undertaken by accountant	6(1)	10.4 (10.4 (11) & (12) new)
Relaxation of requirements where licensed conveyancer accounting system computerised		10.5 (new)
Accountant to complete and sign checklist		10.6 (new)
Limitation of accountant's enquiries	6(2)	10.7 (10.7(4) new)

Qualification of accountant's report	6(3)	10.8
Restriction on enquiry on payment of interest	6(4)	No equivalent
Prescribed form of accountant's report	7	10.9
Notice of Provisions	12 & 13	No equivalent
Entitlement of Council to waive or revoke waiver of Part IV		11(4)(new)
Letter of Engagement	No equivalent	Schedule 1
Form of Accountant's Report	Schedule	Schedule 2